



Preliminary Results

Technology and Resources for Education

15 February 2022

Neil Martin

Chief Executive Officer

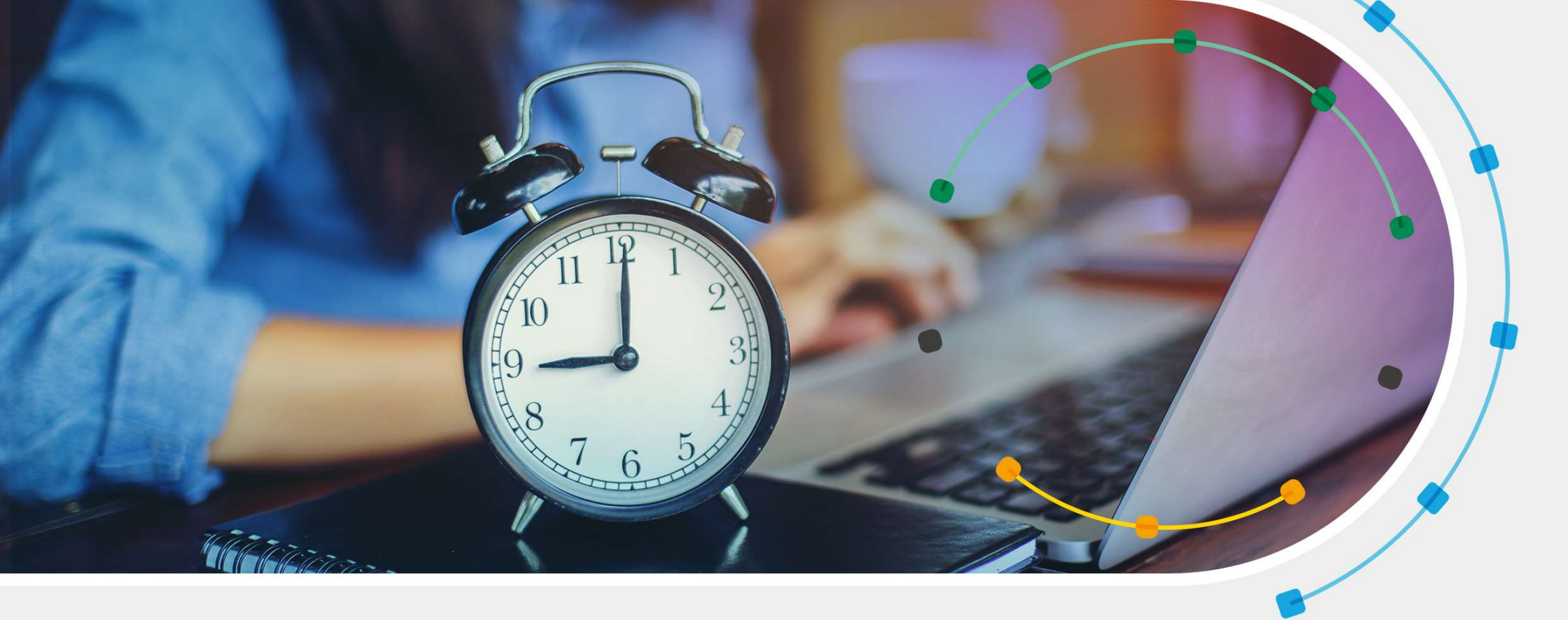
Mark Berry

Chief Financial Officer

Nigel Kirkland

Chief Information Officer





Agenda



Highlights

Neil Martin CEO



Financial Review

Mark Berry CFO



Strategy & Outlook

Neil Martin CEO
Nigel Kirkland CIO



Q&A

2021 Highlights

Improved 2021 performance despite continued COVID-19 disruption

Satisfactory results versus the prior year taking into account continued disruption

Revenue up 12% driven by strong trading in RM Resources enabling adjusted operating profit improvement of 22%

Balance sheet remains resilient with net debt at £18m and an improvement in the pension funding position

Paid and proposed final dividend of 4.7 pence per share (2020: 3.0p)

Reset the strategy and established plans to deliver sustainable growth

Good early progress

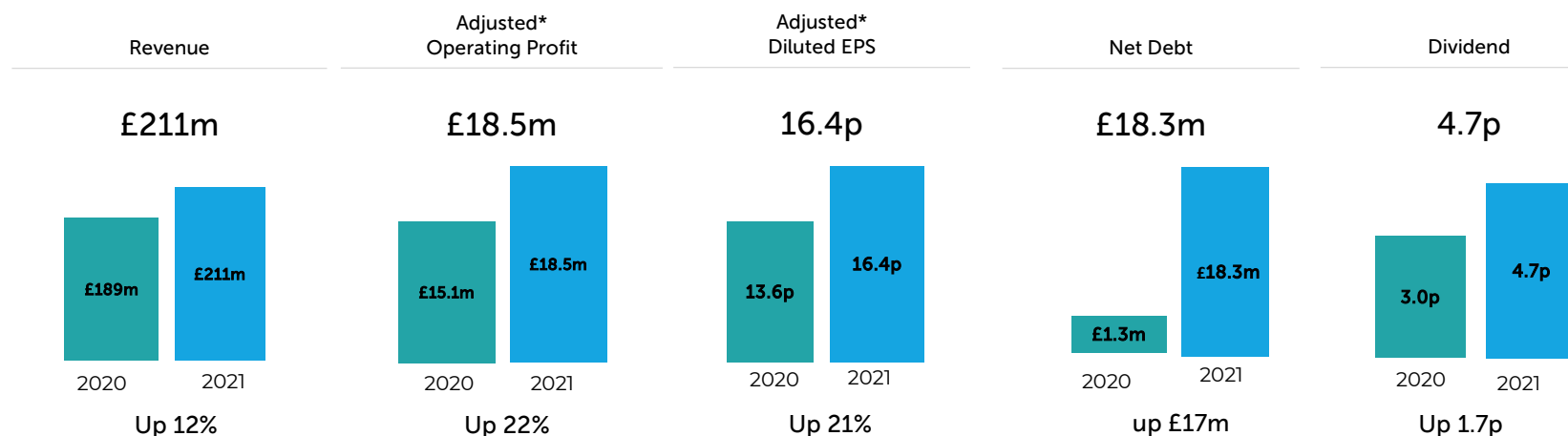


Financial Summary



FY21 Financial Overview

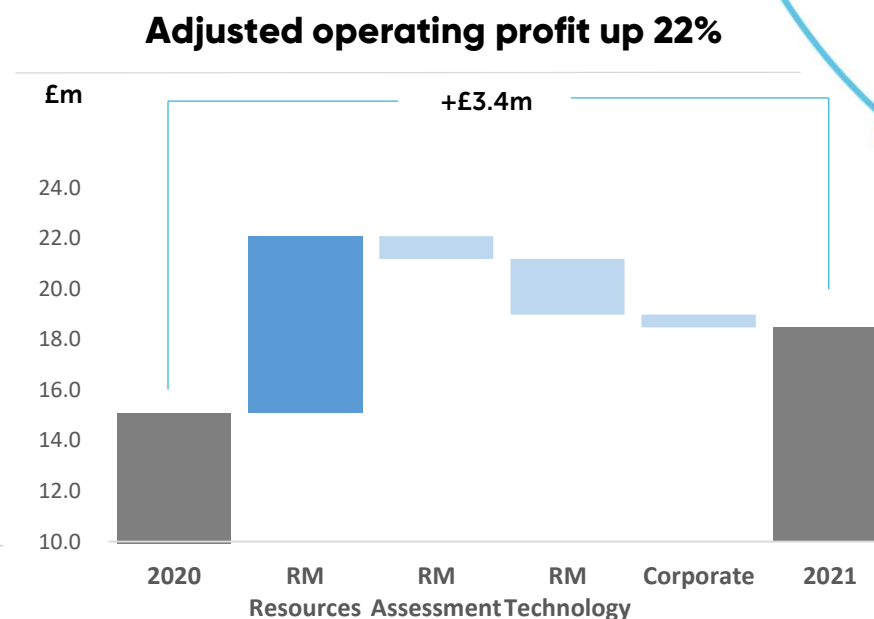
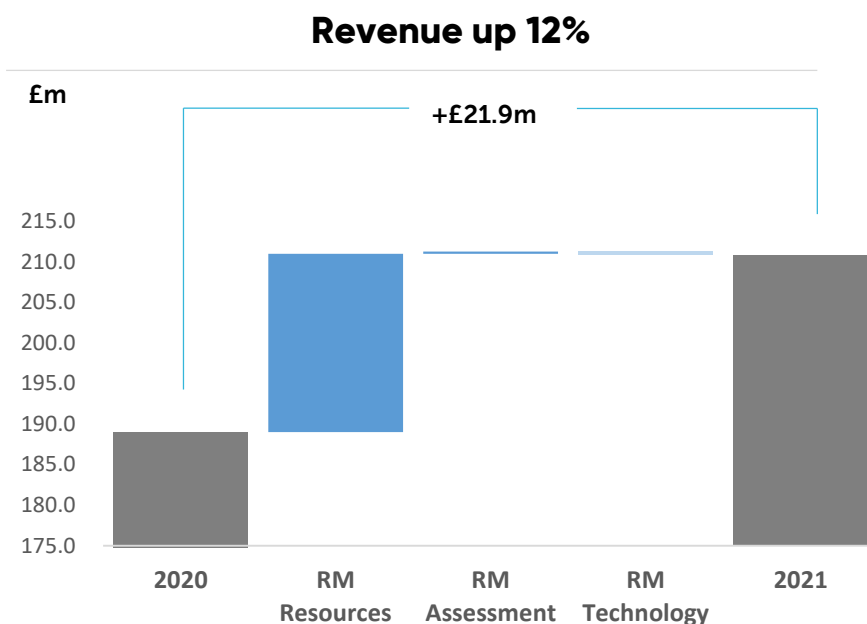
Resilient performance following school closures and exam cancellations



- Revenues up 12% and adjusted operating profit increased to £18.5m driven by strong trading in RM Resources which recovered quickly following the reopening of UK schools in March
- Net debt increased to £18m driven by strong underlying cash conversion being offset by planned spend in respect of our digital and warehouse automation and IT platform investment programmes
- Final paid and proposed dividend at 4.7 pence per share (2020:3.0p).

FY21 Revenue and profit development

Revenue and profit increases driven by strong recovery in Resources



> Revenue +12%

- **RM Resources** up 24% driven by a strong recovery in the UK following the re-opening of schools in March
- **RM Assessment** flat on prior year with partial recovery of global exam activity offset by insourcing of a contract by a key customer in 2020
- **RM Technology** in line with prior year as schools continued to prioritise ICT spending despite closures

> Adjusted operating Profit +22%

- Driven by Resources revenue growth offset by higher product and freight costs and the impact of one-time items, in part, related to COVID-19

FY21 Income Statement

£m	2021	2020	Variance
Revenue	210.9	189.0	+12%
Adjusted Operating Profit	18.5	15.1	+22%
Adjusted Operating Margin	8.8%	8.0%	+0.8pp
Interest	(1.4)	(1.0)	+32%
Adjusted Profit before tax	17.1	14.0	+22%
Tax	(3.3)	(2.7)	+23%
Adjusted Profit after Tax	13.8	11.4	+21%
Adjustments (after tax)	(9.6)	(3.7)	-157%
Profit after tax	4.2	7.6	-45%
Adjusted diluted EPS	16.4p	13.6p	+21%
Dividend per share	4.7p	3.0p	+1.7p

➤ Interest costs reflect debt facility charges and finance costs related to the defined benefit pension schemes

➤ Adjusted effective tax rate of 19.2 % (2020: 19.0%).

➤ Adjustments (after tax) comprise:

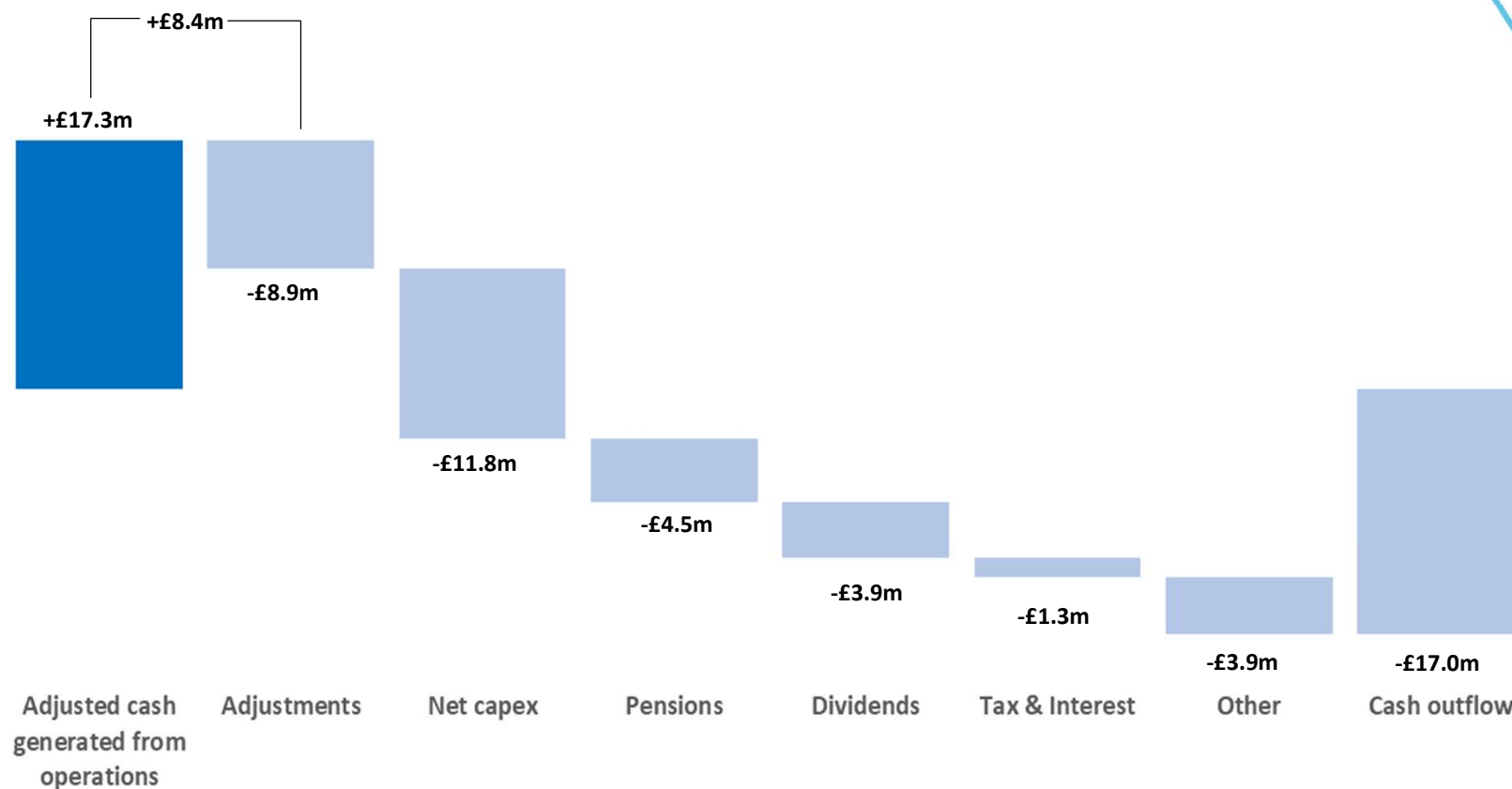
(i) £7.0m of costs incurred during FY21 in relation to the implementation of our new IT platform have been expensed following the implementation of new Software as a Service ("SaaS") accounting guidance.

(ii) £2.6m Amortisation of acquisition intangibles, dual running and one-off property costs

*Adjusted operating profit is before the amortisation of acquisition related intangible assets, dual run costs, non-recurring one time property related items, a stock write down (2020), restructuring costs, costs associated with GMP equalisation (2020) and profit on sale of non-core assets

Cashflow

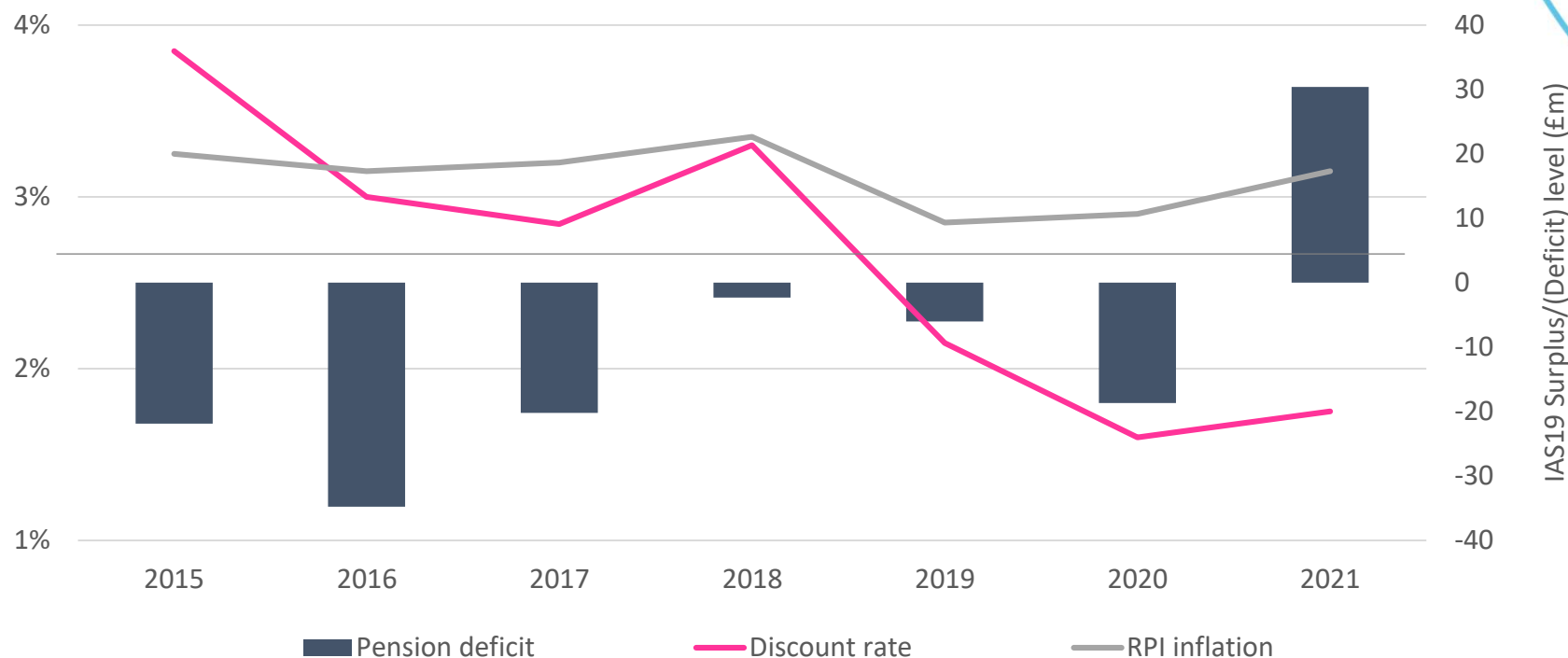
Good operating cash generation offset by planned spend on key investment programmes



- Net Debt £18.3m (November 2020: £1.3m)
- Adjustments mainly comprise spend on new IT platform and dual running costs
- Net capex comprises capitalized spend on new IT platform and warehouse consolidation net of proceeds from property sales

Pension

Surplus driven by returns on scheme assets; triennial valuation nearing conclusion



- IAS19 pension deficit improved by £49.1m from 30 Nov 2020 to a surplus of £30.4m
- Movement mainly driven by higher returns on scheme assets, alongside a higher discount rate and an increase in inflation
- 31 May 2021 triennial valuation nearing conclusion

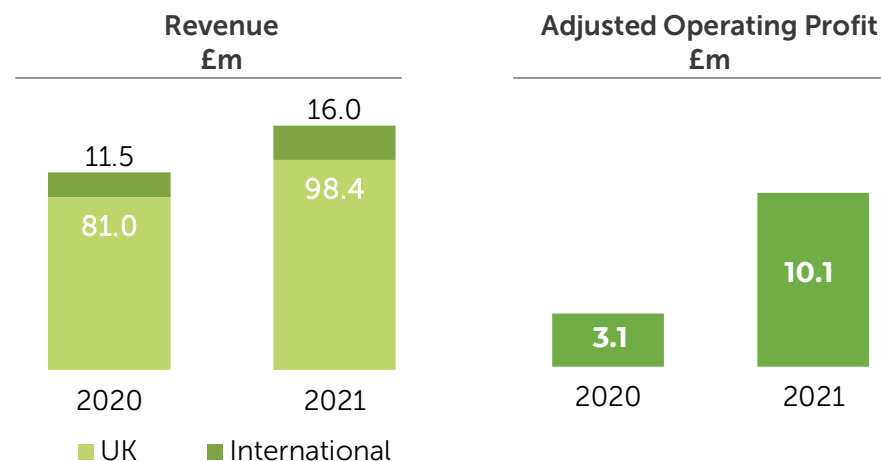
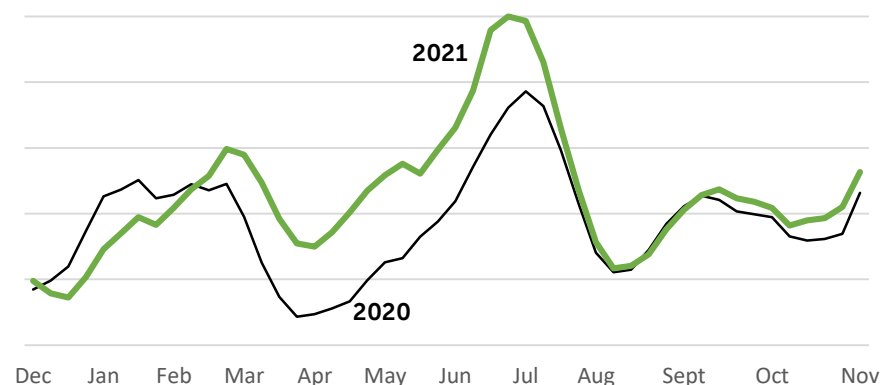
2021 Divisional Review



Strong recovery despite school closures and material cost inflation

- > Revenue +24% vs 2020 with similar open school days
 - UK revenue +4% vs. 2019
 - International revenue -18% vs. 2019
- > Strong recovery following re-opening of UK schools
- > TTS brand grew market share supporting curriculum focus and managing COVID transmission risk
- > Operating profit +£7m
 - Driven by revenue growth partially offset by higher product and freight costs
- > Fit out of new warehouse and associated office space complete

Rolling 4 week order intake



RM Assessment

Resilient performance despite COVID-19 related exam cancellations

> Revenue

- In line with prior year as partial recovery of global exam activity was offset by insourcing by a key customer in 2020

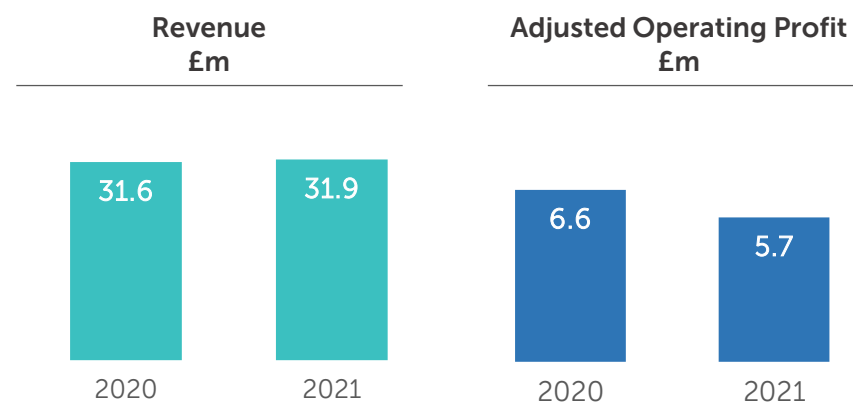
> Operating profit

- Lower as FY20 benefited from lower costs driven by widespread lockdowns & wage inflation increased FY21 delivery costs

> Good forward visibility from long term contract renewals

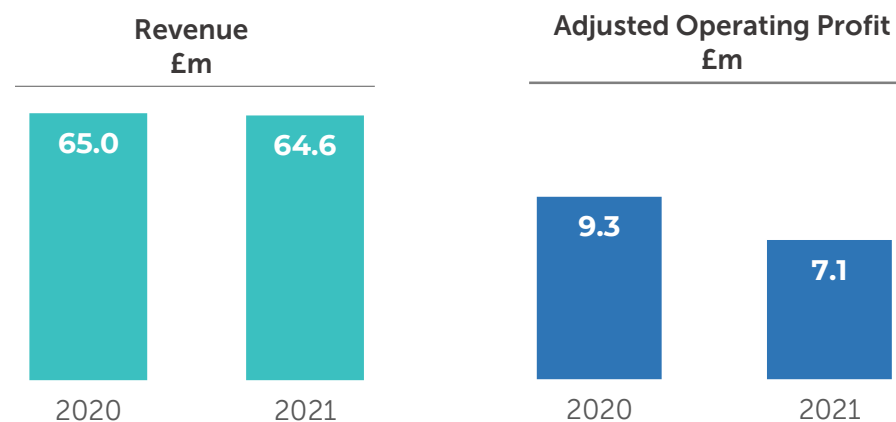
> Sales pipeline development remains constrained

Geography	Customers	Exam Activity vs.2020	Exam Activity vs. 2019
UK School Exams	3	+10%	-95%
UK Other	6	+90%	+85%
International	19	+45%	-30%



Revenues stable as schools faced continued disruption

- Revenue In line with prior year as schools maintained systems despite closures in H1
- Operating profit lower driven by:
 - Lower gross margins due to revenue mix
 - Increased operating costs post lockdown
 - Absence of one-time benefits in the prior year
- Sales pipeline for more strategic opportunities delayed due to COVID-19 as schools focused on technical infrastructure



Strategy & Outlook

Investment case for the future



Taking RM Forward

Building on resilience to unlock growth



Market opportunity through change

Changing education landscape is creating opportunity in existing and adjacent markets



Strategy reset

Building on strong market and brand foundations, improving execution and commercial focus



Enablers to unlock growth

New technology platform, operating model and investment in talent and culture



Strong cash generation

Well positioned for sustainable growth underpinned by a robust balance sheet and strong cash generation

Changing Market Drivers



Use of technology in Education

Accelerating as schools progress on long digital maturity journey



Digital delivery of Assessment

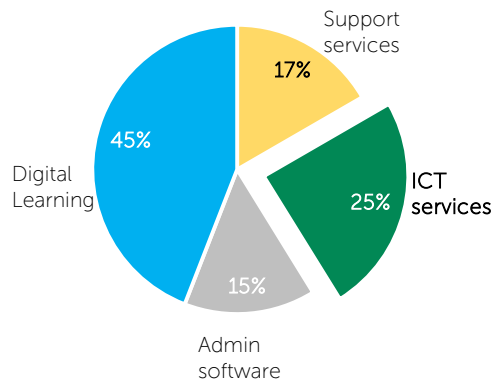
Growing engagement on digital solutions post COVID-19 disruption



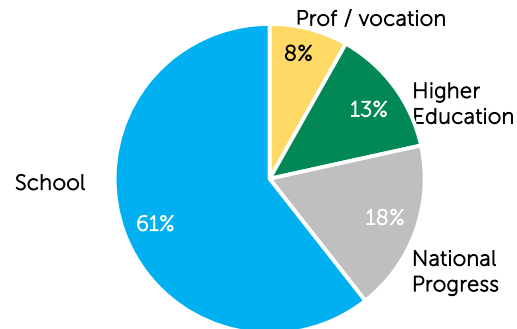
Aggregated School Procurement

Growth in larger school groups is key disrupter in buyer behaviour

£2bn Estimated size of UK Education Technology market (2019)

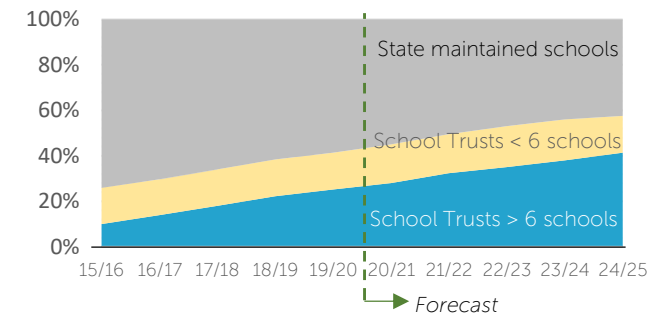


UK number of outsourced assessments, 2018/19
38 million – 94% on paper



Source: Consultant advisor

School volumes by type of school, England



Strategic Objectives



Reach more customers

Why is it important

Defined target customers
Critical to optimize market share

Where are we today

RM Resources
RM Assessment
RM Technology



In progress

Refreshed propositions
New technology platform
New structure and leadership



Improve share of customer spend

Optimise return on investment
where cost to sell is high

RM Resources
RM Assessment
RM Technology
RM Group



Refreshed propositions
New technology platform
New structure and leadership



Operational excellence

Customer focus on trust
Tight budgets
High-touch requirements

Operational efficiency is
behind some competitors



New technology platform
Single automated warehouse



Attract & retain talent

Talent has functional expertise
Sector knowledge
Customer empathy

Purpose led organisation but
very challenging labour market



Employee engagement focus
New structure and leadership
New technology platform



Maintain strong financial discipline

Need to invest whilst balancing
risk and stakeholder needs

Resilient balance sheet
Good cash generation
Prudent fiscal approach



Large capital programmes
conclude in 2022

Enablers to unlock growth

Building a stronger business



New digital and automated platforms

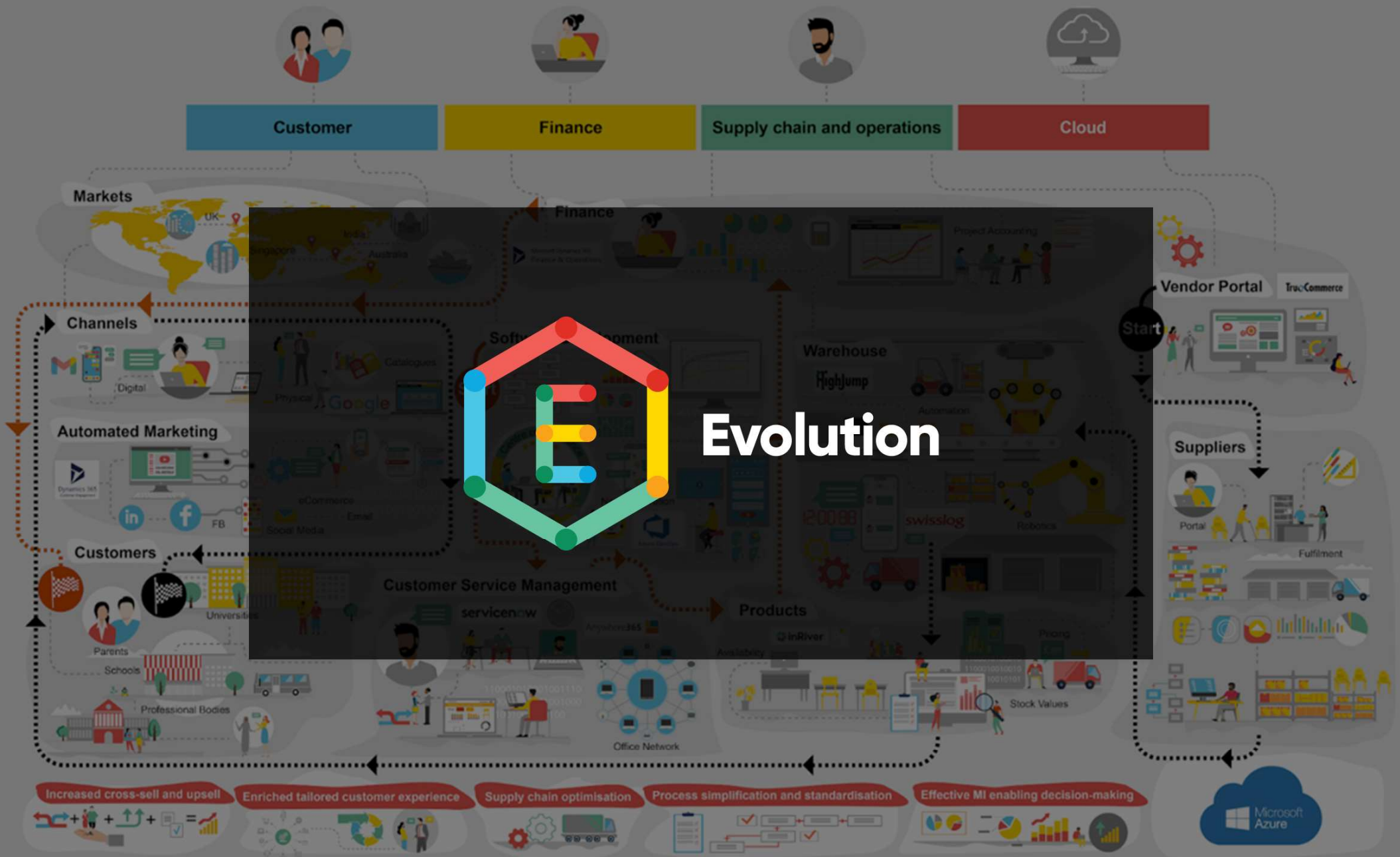


Portfolio & Operating Model



Talent & culture





Evolution – What is it ?

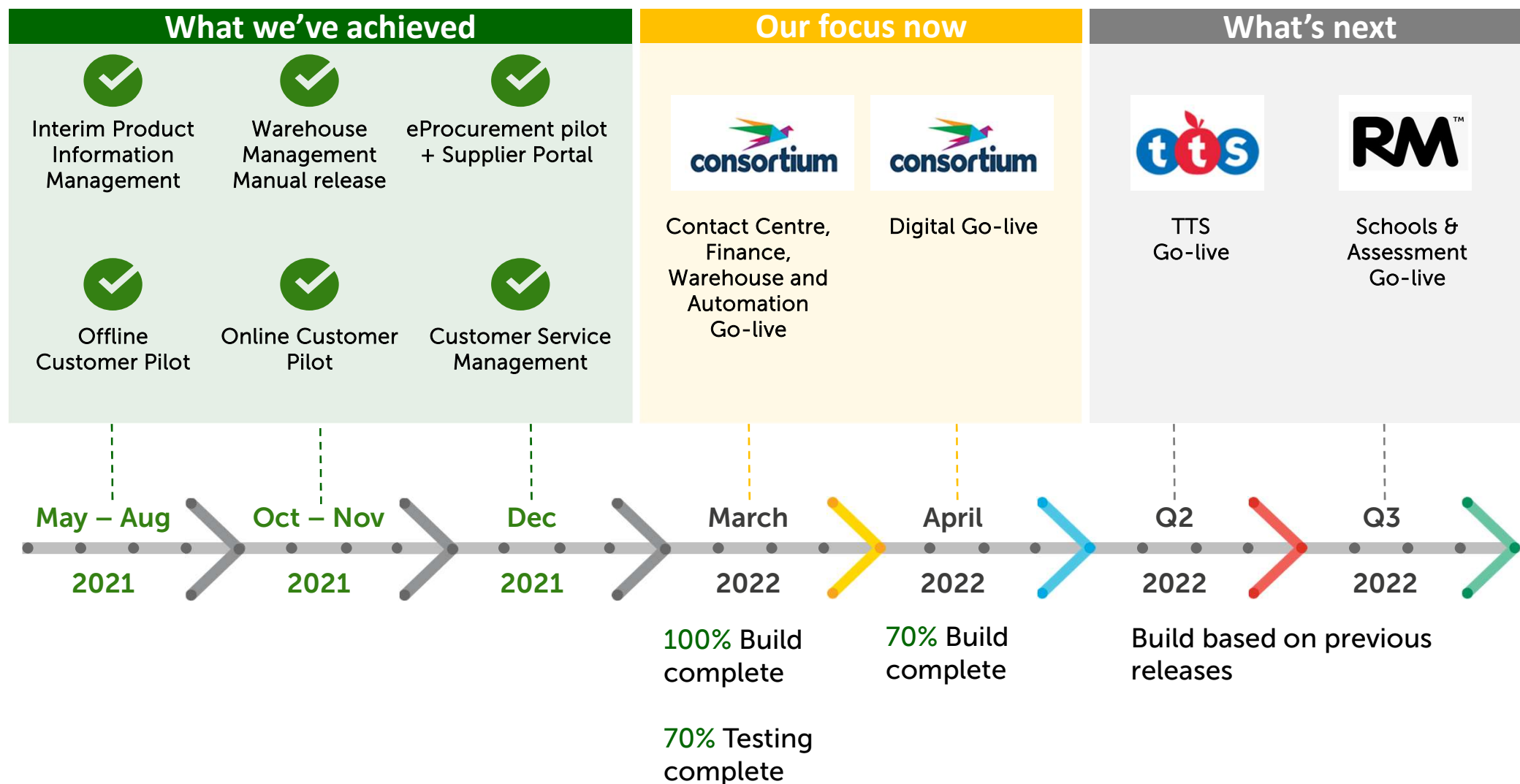
Programme of activity to transform and improve the business processes and technology

Evolution is underpinned by cloud technology that will :

- Allow us to replace out of date and legacy core technology systems
- Re-design inefficient business processes
- Integrate our business critical systems
- Create a single view of the customer
- Unlock the value of our data assets

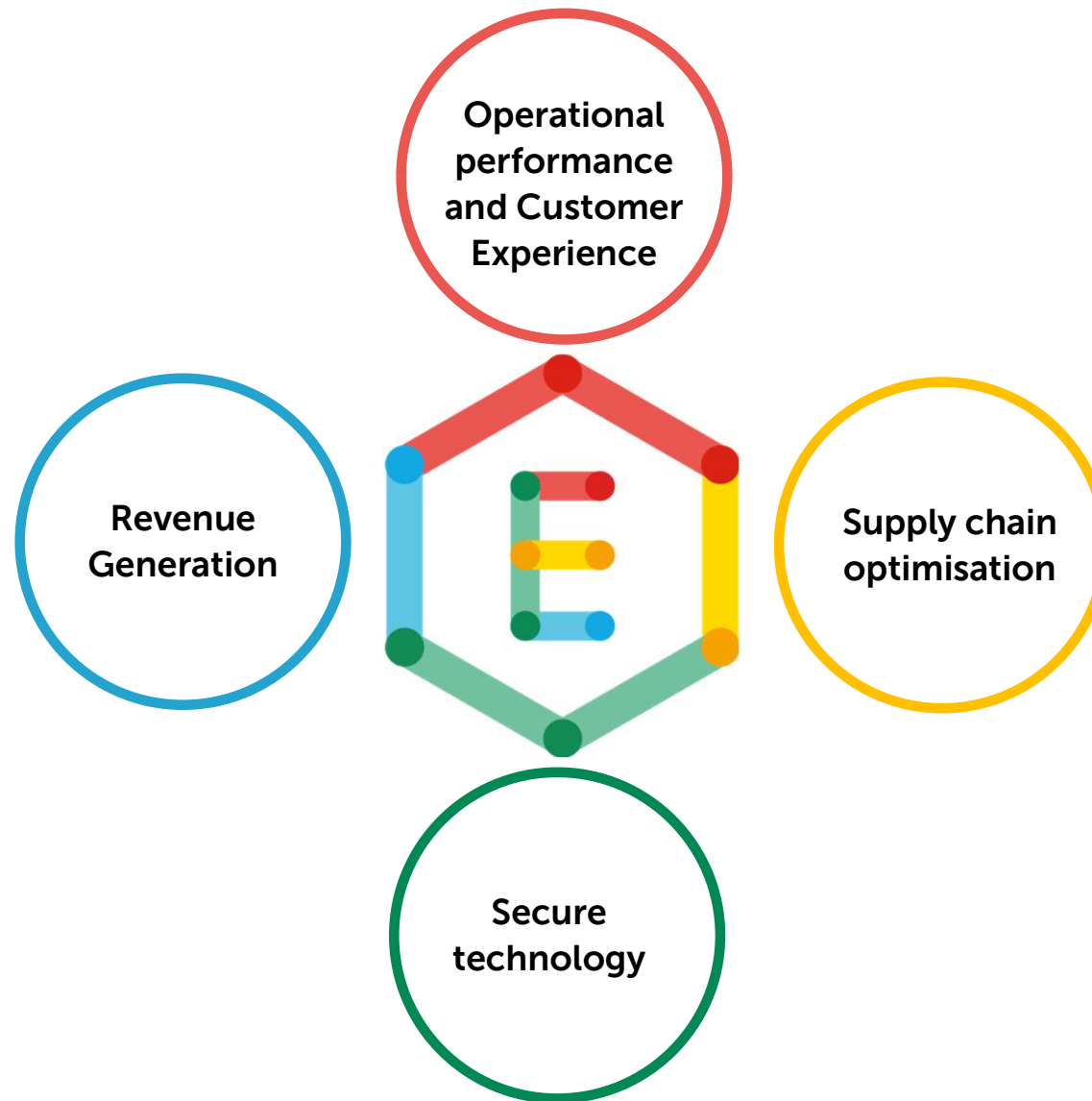


Evolution Timeline Summary



Evolution – Business outcome

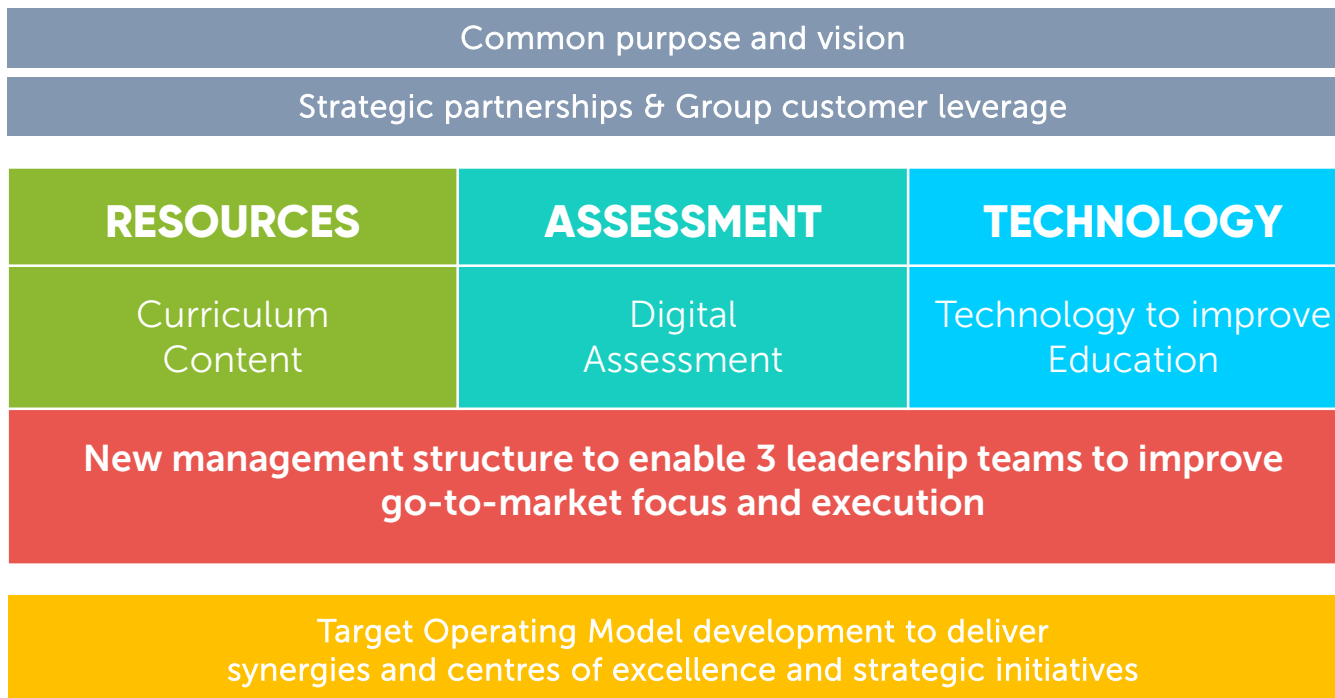
The business outcomes can be grouped into four areas:





Exploiting portfolio synergies

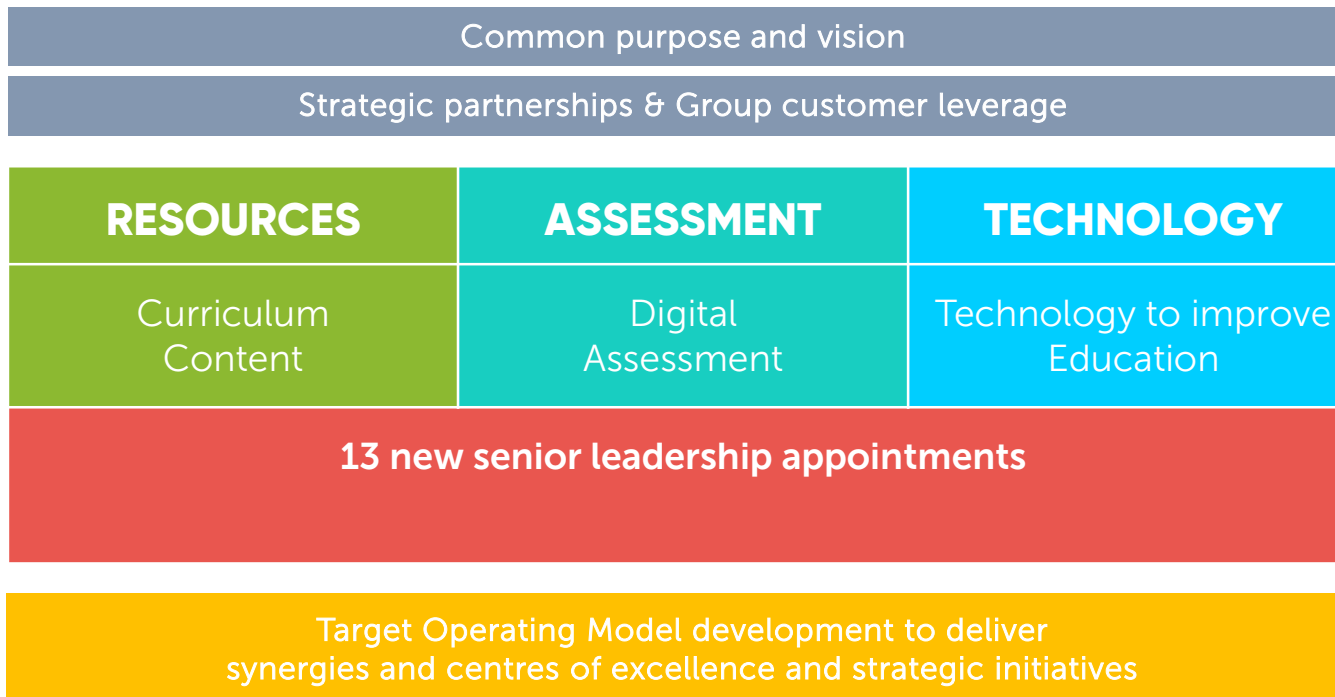
The need for greater customer focus has led to a new divisional structure and target operating model with a focus on leveraging revenue and operational synergies to maximise the value of the Group over the sum of its parts



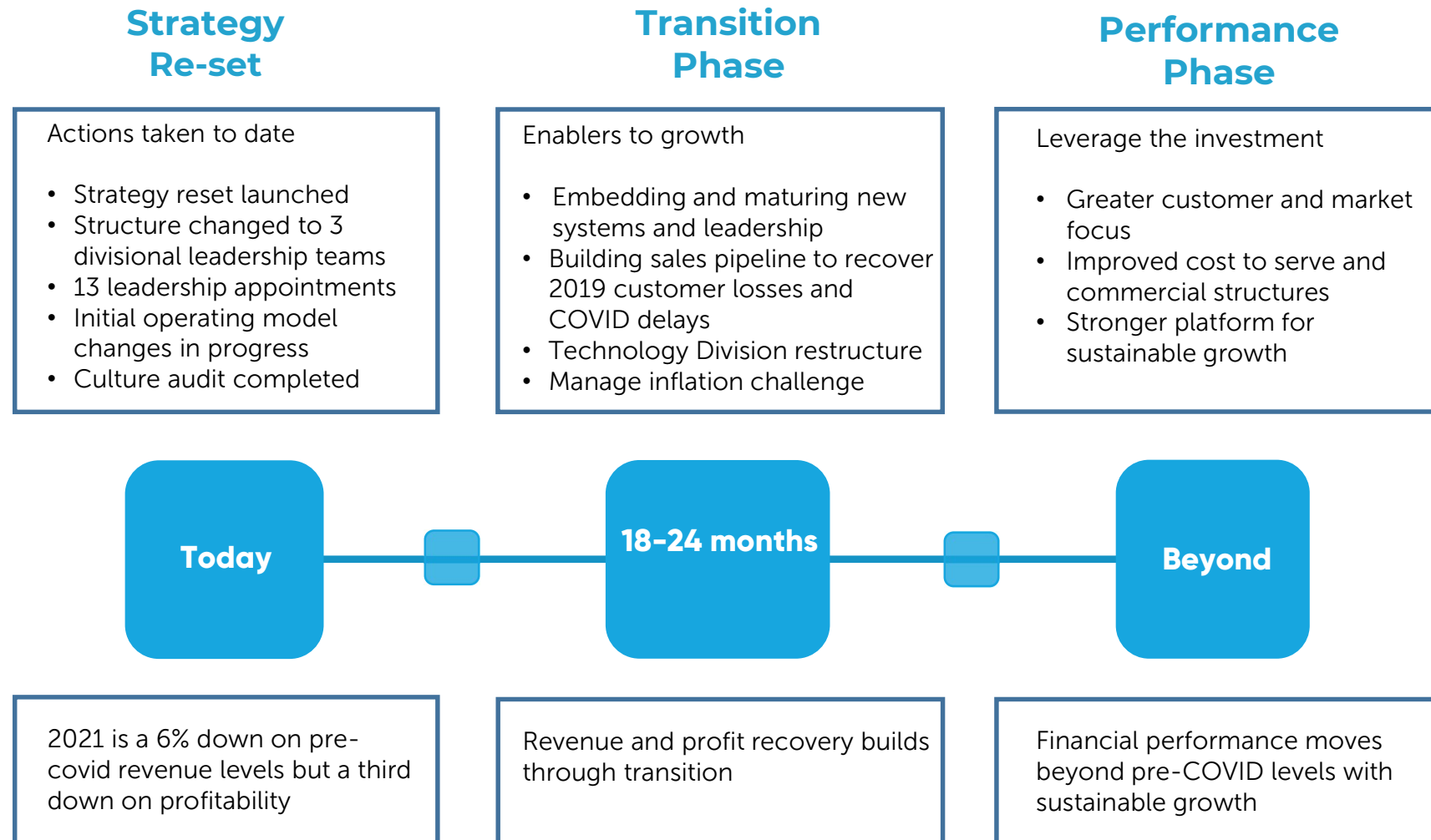


Talent and Culture

Investment in key leadership is a fundamental building block
Greater strategic focus, empowerment and talent development will build on a passionate culture

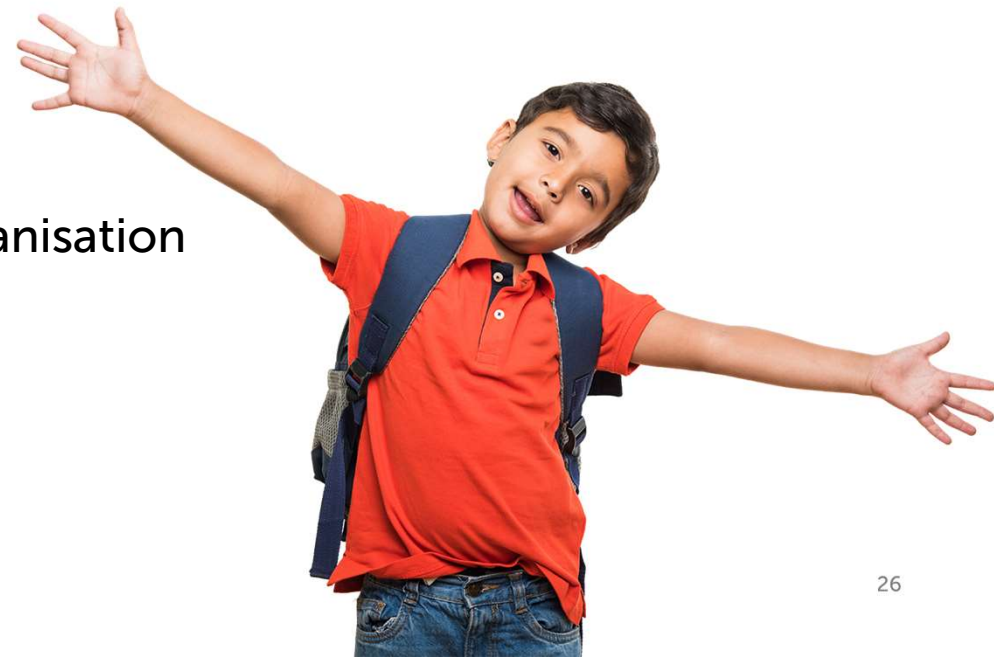


Phased approach



Summary

- 2021 delivered a satisfactory improvement in financial performance
- The market landscape is changing
- Capitalising on the opportunities requires RM to adapt
 - Clearer strategic focus
 - Improved commercial execution
- Strategy reset with good early progress
- Transition phase will deliver the change
- Reward is sustainable growth in purpose led organisation delivering improved shareholder value



Q&A



Appendix



Income Statement

£ M	YEAR TO 30 NOVEMBER					
	2021			2020		
	ADJUSTED	ADJUSTMENTS	TOTAL	ADJUSTED	ADJUSTMENTS	TOTAL
Revenue	210.9	-	210.9	189.0	-	189.0
Cost of sales	(140.2)	-	(140.2)	(121.6)	(0.4)	(121.9)
Gross profit	70.6	-	70.6	67.4	(0.4)	67.1
Gross profit %	33.5%	-	33.5%	35.7%	-	35.5%
Operating expenses	(52.2)	-	(52.2)	(52.4)	-	(52.4)
Amortisation of acquisition related intangibles		(2.0)	(2.0)		(2.0)	(2.0)
Restructuring provision		-	-		(1.0)	(1.0)
Dual running property & licence costs		(2.0)	(2.0)		0.6	0.6
IT platform costs		(8.3)	(8.3)		(1.7)	(1.7)
Pension GMP		-	-		(0.2)	(0.2)
Gain on sale of non-core asset		-	-		0.7	0.7
Gain on sale of property		1.4	1.4		0.7	0.7
Property related costs		(0.5)	(0.5)		-	-
	(52.2)	(11.5)	(63.6)	(52.4)	(4.1)	(56.5)
Operating profit	18.5	(11.5)	7.0	15.1	(4.5)	10.6
Operating profit %	8.8%	-	3.3%	8.0%	-	5.6%
Net investment income and finance costs	(1.4)	-	(1.4)	(1.0)	-	(1.0)
Profit before tax	17.1	(11.5)	5.6	14.0	(4.5)	9.5
Tax	(3.3)	1.9	(1.4)	(2.7)	0.8	(1.9)
Profit after tax	13.8	(9.6)	4.2	11.4	(3.7)	7.6
Diluted earnings per ordinary share	16.4p		5.0p	13.6p		9.1p
Dividend per share			4.7p			3.0p

Cashflow

YEAR TO 30 NOVEMBER						
	2021			2020		
OPERATING CASH FLOWS - £M	ADJUSTED	ADJUSTMENTS	TOTAL	ADJUSTED	ADJUSTMENTS	TOTAL
Profit from operations	18.5	(11.5)	7.0	15.1	(4.5)	10.6
Amortisation & impairment of intangibles	-	2.4	2.4	1.0	2.0	3.0
Depreciation & impairment of PPE	4.3	-	4.3	3.7	-	3.7
Gain on disposal of assets	-	(1.4)	(1.4)	(0.3)	(1.4)	(1.7)
Share-based payments	(0.1)	-	(0.1)	0.7	-	0.7
(Decrease)/increase in provisions	(0.5)	0.1	(0.4)	1.4	-	1.4
Other adjustments	0.1	-	0.1	(0.6)	-	(0.6)
Operating cash flows before movements in working capital	22.3	(10.4)	11.9	21.3	(3.9)	17.4
Increase in inventories	(0.5)	-	(0.5)	3.2	0.4	3.6
Increase in receivables	(1.6)	(0.7)	(2.2)	2.4	-	2.4
Increase in contract fulfilment assets	(1.4)	-	(1.4)	(1.1)	-	(1.1)
Decrease in payables	(1.1)	2.2	1.1	6.0	-	6.0
Utilisation of provisions	(0.5)	-	(0.5)	(2.3)	-	(2.3)
Cash generated by operations	17.3	(8.9)	8.4	29.4	(3.5)	25.9
NON-OPERATING CASH FLOWS – £M						
Defined benefit pension contribution	(4.5)	-	(4.5)	(4.1)	-	(4.1)
Tax paid	(0.1)	-	(0.1)	(2.6)	-	(2.6)
Net capital expenditure less proceeds on disposal	(15.0)	3.2	(11.8)	(6.6)	4.5	(2.1)
Dividends paid	(3.9)	-	(3.9)	-	-	-
Drawdown/(repayment) of borrowings	13.8	-	13.8	(12.7)	-	(12.7)
Other	(3.9)	-	(3.9)	(2.5)	-	(2.5)
Net increase/(decrease) in cash and cash equivalents	3.8	(5.7)	(1.9)	0.9	1.0	1.9

Balance Sheet

£M	30 NOVEMBER 2021	30 NOVEMBER 2020
Goodwill	49.2	49.3
Intangible assets	23.4	19.0
Property, plant & equipment	16.2	8.4
Defined benefit pension surplus	35.0	0.7
Other receivables	0.1	0.1
Right of use Asset	18.0	19.4
Contract fulfilment assets	4.2	3.4
Deferred tax assets	0.2	5.3
Total non-current assets	146.3	105.6
Inventories	19.1	18.6
Trade & other receivables	33.9	31.5
Contract fulfilment assets	1.4	0.7
Held for sale asset	3.0	4.8
Tax assets	3.7	2.6
Cash & short-term deposits	3.6	5.9
Total current assets	64.5	64.2
Total assets	210.8	169.8
Current liabilities, including tax liabilities	(65.5)	(64.6)
Borrowings	(19.7)	(4.8)
Retirement benefit obligation	(4.7)	(19.3)
Other non-current liabilities	(33.4)	(28.3)
Total liabilities	(123.3)	(117.0)
Net assets / total equity	87.5	52.8

Divisional Summary incl FY19

Revenue £M

	2021	2020	Variance	2019	Variance
RM Resources	114.4	92.4	+22.0	114.5	-0.1
RM Assessment	31.9	31.6	+0.3	37.7	-5.8
RM Technology	64.6	65.0	-0.4	71.6	-7.0
Group	210.9	189.0	+21.9	223.8	-12.9

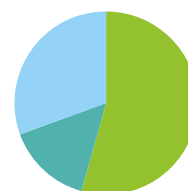
Adjusted Operating Margin

	2021	2020	Variance	2019	Variance
RM Resources	8.8%	3.3%	+5.5pp	12.0%	-3.2pp
RM Assessment	17.9%	20.9%	-3.0pp	23.2%	-5.3pp
RM Technology	11.0%	14.3%	-3.3pp	14.5%	-3.5pp
Group	8.8%	8.0%	+0.8pp	12.5%	-3.7pp

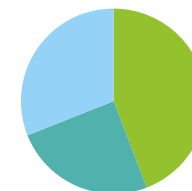
Adjusted Operating Profit £M

	2021	2020	Variance	2019	Variance
RM Resources	10.1	3.1	+7.0	13.7	-3.6
RM Assessment	5.7	6.6	-0.9	8.7	-3.0
RM Technology	7.1	9.3	-2.2	10.4	-3.3
Corporate	-4.4	-3.9	-0.5	-4.9	+0.5
Group	18.5	15.1	+3.4	28.0	-9.5

Revenue



Adjusted Operating Profit



■ RM Resources ■ RM Assessment ■ RM Technology

*Adjusted operating profit is before the amortisation of acquisition related intangible assets, dual run costs, non-recurring one time property related items, a stock write down (2020), restructuring costs, costs associated with GMP equalisation (2020) and profit on sale of non-core assets





Program spend/impact of IAS 38 change

	Spend £M			
	2019	2020	2021	To date
Capex	0.2	0.8	6.9	7.9
Operating cost	2.2	1.7	8.3	12.2
Total	2.4	2.5	15.2	20.1

- £12.2m of capital expenditure re-classified as operating costs following IAS 38 accounting update
- Capex comprises website, design and customization costs
- Operating cost comprises configuration of third party software, testing, data migration and program management

RM Resources

Innovative curriculum resources, inspiring content and outstanding service

WHAT WE DO	<div><div></div><div>UK Market leader with 2 distinctive brands, TTS and Consortium, RM Resources improves learning outcomes by providing unique and innovative teaching resources and education supplies to schools and nurseries worldwide</div><div></div></div>																														
MARKET CHARACTERISTICS	<table><tr><th colspan="3">UK Resources</th></tr><tr><th>Market</th><th>Growth</th><th>Share</th></tr><tr><td>c.£1bn</td><td>0-3%</td><td>c.9%</td></tr></table>	UK Resources			Market	Growth	Share	c.£1bn	0-3%	c.9%	<table><tr><th colspan="3">International Resources</th></tr><tr><th>Market</th><th>Growth</th><th>Share</th></tr><tr><td>>£1bn</td><td>2-5%</td><td><2%</td></tr></table>	International Resources			Market	Growth	Share	>£1bn	2-5%	<2%	<table><tr><th colspan="3">UK Digital Content</th></tr><tr><th>Market</th><th>Growth</th><th>Share</th></tr><tr><td>c.£81m</td><td>5-10%</td><td>0%</td></tr></table>		UK Digital Content			Market	Growth	Share	c.£81m	5-10%	0%
UK Resources																															
Market	Growth	Share																													
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Market	Growth	Share																													
c.£81m	5-10%	0%																													
OPPORTUNITY	Sales to c.90% of UK Primary Schools and c30% of Nurseries	1/3 of existing customers buy both brands 60% of orders online	Further develop the International channel	Improve operational efficiency																											
APPROACH	Opportunities to leverage strong customer reach	New e-commerce and CRM platform will improve digital buying experience	Follow post COVID-19 global funding initiatives	New IT platform and automated warehouse																											

RM Assessment

Enhancing the role digital assessment solutions play throughout lifelong learning journey

WHAT WE DO



We help our customers accelerate their adoption of digital and transform assessments to unlock teaching and learning benefits.
We don't just provide a technology platform



MARKET CHARACTERISTICS

Global Assessment Services		
Market	Growth	Share
>£1bn	>5%	<5%

Addressable market primarily digital development of paper-based processes.

RM supports 2.5m online tests and 21m online marked tests across 180 countries

OPPORTUNITY

Global review of assessment delivery following the disruption of COVID-19

Digital assessment solutions have a growing role in the learning process

RM support the leading global assessment brands today

APPROACH

Increase sales capacity to target existing and adjacent market opportunity

Re-position RM as a leading provider of digital assessment solutions

Leverage the experience of working with the leading global assessment brands

RM Technology

Helping educators harness technology to improve the learning environment

WHAT WE DO



Strategic IT services partner for schools and colleges to deliver a technology environment that improves learning outcomes and make the most of their IT investments



MARKET CHARACTERISTICS

UK IT Services in Education

Market	Growth	Share
£500m	2-5%	c12%

Current market size excludes proportion of market where schools run IT services in-house

OPPORTUNITY

COVID-19 has increased the requirement for effective and accessible technology in schools

19% of UK schools buy at least one product category
Only 2% currently have an RM Managed IT Service

Growth in larger school groups is changing the market need

APPROACH

Reposition RM as the strategic technology partner

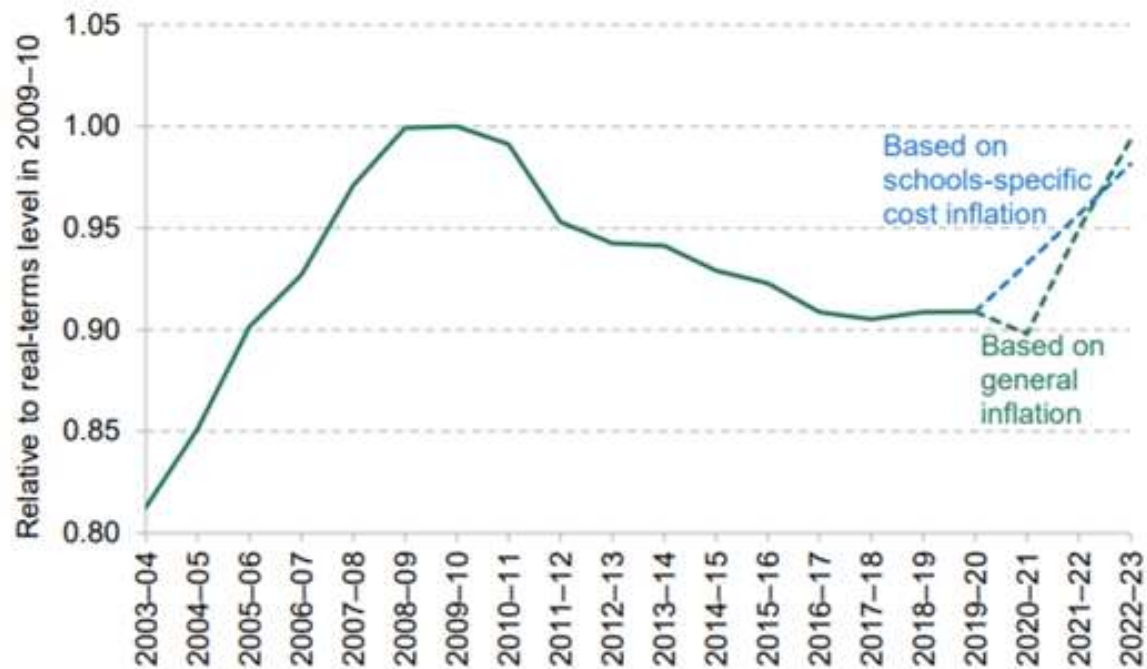
Improve share of customer spend

New technology platform to improve operational efficiency, customer acquisition and retention



UK Education Policy Focus

Figure 1.2. Total school spending per pupil (actual up to 2019–20, projected to 2022–23), 2009–10 = 1



Source: HM Treasury

- Spend per pupil fell by 9% in real terms between 2010 - 2019
- Government funding commitments are planned to almost recover to 2010 levels by 2023